



Agenda Date: 6/26/2007
Agenda Placement: 6Z

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Michael Stoltz for Robert Peterson - Director
Airport

REPORT BY: Kathleen Dubrin, Staff Services Analyst II , 259-8683

SUBJECT: Acceptance of Fiscal Year 2007-2008 proposed budget, adoption of a Resolution approving a service plan, and adoption of a Resolution declaring intent to levy assessments within County Service Area No. 3

RECOMMENDATION

Director of Public Works/Aviation requests the following actions concerning County Service Area No. 3:

1. Acceptance of the Fiscal Year 2007-2008 proposed budget for County Service Area No. 3 with a total appropriation of \$419,471;
2. Adoption of a resolution approving a service plan for County Service Area No. 3 in accordance with Chapter 3.10 of the Napa County Code;
3. Adoption of a resolution declaring the Board's intent to levy assessments for County Service Area No. 3 for streetside landscaping, street and highway lighting, street sweeping, and structural fire protection services pursuant to the Engineer's Report and setting a public hearing to consider any protests with respect to the assessments and the Engineer's Report;
4. Set Public Hearing for August 7, 2007 at 9:15 A.M. to hear protests to the proposed assessments;
5. Direct the Clerk of the Board to comply with the requirements of Article XIII D of the California Constitution with respect to the public notice requirements for the proposed assessments within County Service Area No. 3; and
6. Designate Martin Pehl, Airport Manager, as the person to answer questions regarding the assessments and protest proceedings.

EXECUTIVE SUMMARY

The Board of Supervisors has historically accepted the proposed budgets for special districts in June, and subsequently held budget hearings and adopted final budgets in August. Acceptance of the Fiscal Year 2007-2008 proposed budget for County Service Area No. 3 will enable this special district to continue operations until adoption of its final budget in August 2007.

Pursuant to Proposition 218 an Engineer's Report is being submitted which includes the methodology for

determining the assessments and an estimated budget for the extended services which provide fire protection services, street lighting, street sweeping, and median landscaping.

Other actions related to the CSA No. 3 budget and assessments for Fiscal year 2007-2008, requiring Board approval are noted below:

- | Adoption of a Resolution identifying the extended services provided in the service plan within each zone of benefit for Fiscal Year 2007-2008: structural fire protection, streetside landscaping, street and highway lighting and street sweeping;
- | Adoption of a resolution declaring the County's intent to levy benefit the assessments for Fiscal Year 2007-2008, setting a time to hold a public hearing to consider any protests, and designating the Napa County Airport Manager as the person to answer questions regarding the assessments.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	County Service Area No. 3
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The proposed actions are necessary in order to maintain spending authority pending adoption of the final 2007-08 budget in August and in order to commence the procedures required under the County Code, County Service Area Law, and Proposition 218 to levy assessments within County Service Area No. 3.
Is the general fund affected?	No
Future fiscal impact:	These actions are necessary in order to raise from the benefited properties the funds needed to provide these extended services within County Service Area No. 3 without having to either discontinue these services or use general fund revenues to pay the cost.
Consequences if not approved:	County Service Area No. 3 will have neither spending authority nor assessment revenue-raising authority to provide the specified miscellaneous extended services during Fiscal Year 2007-2008.

Additional Information:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

In March 1979, the Napa County Board of Supervisors adopted Resolution of Formation No. 79-28, by which

County Service Area No. 3 (CSA No. 3) was formed. CSA No. 3, which is located within the Napa County Airport Industrial Area, was formed in response to a property owners' petition seeking the delivery of County services not otherwise provided to residents in the unincorporated areas of the County. Currently, CSA No. 3 provides structural fire protection, streetside landscaping, street and highway lighting and street sweeping within the district.

Funding for the delivery of services to CSA No. 3 derives from assessments levied upon property within the district in proportion to the level of benefits provided for each property. In 1997 voting was conducted pursuant to the requirements of Proposition 218, wherein property owners within the service area were asked to vote on the methodology used to determine assessments. The property owners approved the assessment methodology, set assessments for Fiscal Year 1997-1998, and approved the concept of cost of living increases for future years. Thereafter, the budget and assessments for CSA No. 3 have been approved by the Board of Supervisors each fiscal year in conformance with the requirements of Proposition 218, County Service Area Law, and the methodology approved by the voters of CSA No. 3 in 1997.

CSA No. 3 was formed with the knowledge that the initial assessment revenue would not be sufficient to cover the CSA No. 3 cost responsibility for fire protection. This has resulted in the Countywide Fire Fund subsidizing the shortfall. It is anticipated that sufficient revenue will be available to pay for CSA No. 3 expenses and retire the Fire Fund subsidy as more commercial square footage is developed within the CSA No. 3, and with the retirement of the Certificate of Participation debt for the Greenwood Fire Station. Additional square footage of the present type of commercial use will not require more fire protection staff or equipment. There is also the provision for annual rate increases based upon the Construction Cost Index. The annual subsidy is tracked in the Engineer's Report so that when assessment levels exceed the CSA No. 3 allocable costs, such excess revenues will reimburse the Countywide Fire Fund.

The annual Certificate of Participation debt payment of \$85,136 for the Greenwood Fire Station will be paid off in 2013. It is presently projected that there is approximately 1.3 million square feet in CSA No. 3 in various stages of the planning/development process, consisting of:

- | 100,000 square feet under construction
- | 850,000 square feet, including 408,000 square feet for the Montalcino project of approved development not under construction,
- | 435,510 square feet, including 140,000 sq. ft. south of Fagan Creek and 295,510 sq. ft. in the Gateway Business Park, of development presently in the discretionary approval process

1.3 million additional square feet will generate approximately \$105,000 in additional annual assessments based upon the present rate.

When compared to last year's Engineer's Report, there is a 11.2% increase in fire fee assessments, and a 11% increase in fire protection expenses for the same level of service as provided in previous years. The increase in fire fee assessments is based upon an additional 149,493 square feet of commercial use being added to the CSA No. 3, and a proposed 7.79% increase in assessments based upon the Construction Cost Index for the San Francisco Bay Area. The Engineer's Report estimates a Fire Fund subsidy of \$85,065 for next fiscal year, and accumulative subsidy amount of \$1,187,919.

The following actions, which are related to the CSA No. 3 budget and assessments for Fiscal year 2007-2008, require Board approval:

1. **Acceptance of the Fiscal Year 2007-2008 proposed budget for County Service Area No. 3 with a total appropriation of \$419,471.** The proposed budget for Fiscal Year 2007-2008 has been submitted as a "rollover" budget for the purposes of continuing operations until the adoption of its Final Budget. It includes

appropriations for street sweeping, utilities, street side landscaping, and fire protection services, and funding for a consultant to prepare the annual Engineer's Report for CSA No. 3. Acceptance of the Fiscal Year 2007-2008 proposed budget for County Service Area No. 3 will enable this special district to continue operations until adoption of the final budget on August 14, 2007.

2. **Adoption of a resolution approving a service plan for County Service Area No. 3 in accordance with Chapter 3.10 of the Napa County Code.** Napa County Code requires the Board to approve by resolution on or before June 30 of each fiscal year a service plan that indicates all of the authorized services that the Board proposes to provide within each zone of benefit of CSA No. 3 in the succeeding year. CSA No. 3 plans to continue to provide (a) structural fire protection, (b) streetside landscaping, (c) street and highway lighting, and (d) street sweeping services in Fiscal Year 2007-2008 as outlined in Exhibit "A" of the Resolution. These services are the same services as provided in Fiscal Year 2006-2007.
3. **Adoption of a resolution declaring the Board's intent to levy assessments for County Service Area No. 3 for streetside landscaping, street and highway lighting, street sweeping, and structural fire protection services pursuant to the Engineer's Report and setting a public hearing to consider any protests with respect to the assessments and the Engineer's Report.**
4. **Set Public Hearing for August 7, 2007 at 9:15 A.M. to hear protests to the proposed assessments.**
5. **Direct the Clerk of the Board to comply with the requirements of Article XIII D of the California Constitution with respect to the public notice requirements for the proposed assessments within County Service Area No. 3.**
6. **Designate Martin Pehl, Airport Manager, as the person to answer questions regarding the assessments and protest proceedings.**

Items 3 through 6 above express the intent of the Board to consider adopting structural fire protection, streetside landscaping, street and highway lighting and street sweeping assessments in CSA No. 3 for Fiscal Year 2007-08, to set a public hearing on those assessments and to authorize public notice of the hearing. The public protest hearing will be held on August 7, 2007, at 9:15 a.m., and the resolution approving and imposing the assessments will be considered for action by the Board at the conclusion of the protest hearing.

A printed copy of the Engineer's report will be provided to the Board of Supervisors, Clerk of the Board, and the County Executive Officer in advance of this agenda date. It is also available electronically as an attachment to this Board letter. There will be two public notices published in advance of the hearings on the assessment scheduled for August 7. There is also a CSA No. 3 meeting held in July at the Airport to provide feedback for any interested party in the CSA No. 3. Property owners are notified by mail regarding this meeting.

SUPPORTING DOCUMENTS

- A . CSA #3 2007-2008 Service Plan Resolution
- B . CSA #3 2007-2008 Resolution of Intent
- C . Engineer's Report without CSA #3 Diagrams
- D . CSA #3 Diagram #1
- E . CSA #3 Diagram #2
- F . CSA #3 Diagram #3

G . CSA #3 Diagram #4

CEO Recommendation: Approve

Reviewed By: Helene Franchi